

## EMPLOYER ADVISORY COMMITTEE

### MINUTES

June 22, 2000

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#### **DRS Members Present:**

Dave Nelsen, Chairperson.

#### **Additional DRS Staff Present:**

Steve Nelsen, Legal/Legislative Services; Anne Holdren, Deferred Compensation Program; Johanna Shick, School Employees Retirement System; Marc Tremblay, School Employees Retirement System; Phil Jones, Employer Support Services; Jack Bryant, Public Employees' Retirement System.

#### **Employer Members Present:**

Joanne Amrine, Chehalis School District; Margo Anderson, Highline Community College; Mary Christle, Educational Service District; Sue Corn and Terry Schaefer, Kent School District; Nancy Finneson, Pierce County Library System; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); Brigitte Hoopes, City of Kent; Chandra Horan, Port of Seattle; Debbie Meach, Human Resources Information Systems Division (HRISD); Michelle Mortimer and Debbie Krumpols, City of Olympia; Joyce Nakamura, Center for Information Services; Nancy Savage, Pierce County; Valerie Quinn, University of Washington; Reagan Ulrich, Chelan County PUD 01; Jean Yeager, Department of Agriculture.

#### **Employer Members Not Present:**

Bob Andrews, Kent School District; Dorothy Kiest, King County; Sally Spangler, Washington State Patrol.

#### **Agenda Items:**

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| • Legislative Summary & Interim Issues<br><i>Steve Nelsen</i>  | • Automated Reporting<br><i>Dave Nelsen</i>           |
| • PERS 3<br><i>Dave Nelsen</i>   | • Review Next Satisfaction Survey<br><i>Committee</i> |
| • SERS/DCP Update - New Reporting<br>Process and New Recordkeeper<br><i>Anne Holdren, Johanna Shick,<br/>Marc Tremblay</i> | • Issues or Concerns<br><i>Committee</i>              |
| • Audit Program Update<br><i>Phil Jones</i>  | • Agenda Items for Next Meeting<br><i>Committee</i>   |

**LEGISLATIVE SUMMARY & INTERIM ISSUES**

The following is a recap of pension bills that were passed by the Legislature:

- **Optional Plan 3 for PERS**  
Current PERS 2 members will have the option to move to PERS 3. State and higher education employees will have a six-month transfer window beginning in March 2002. All other PERS employees will have a nine-month window beginning September 2002. Also, PERS 2 members who transfer to PERS 3 will receive a transfer payment of 110% or 111%, depending upon which transfer window applies to you.
- **Early Retirement Reduction Factors (ERFs)**  
ERFs for PERS 2, PERS 3, SERS 2, SERS 3, TRS 2 and TRS 3 members aged 55 with 30 years of service are lowered to 3% per year from age 65, which will be effective September 1, 2000.
- **Sick Leave Cash Out**  
School employees can now cash out their sick leave when they separate from service for any reason if they are at least age 55 and have 10 years of service for SERS and TRS Plan 3 members or have 15 years of service for SERS and TRS Plan 2 members. This was effective June 8, 2000.
- **State Patrol Member Contribution Rate Reduction**  
The contribution rate for members was temporarily reduced from 7% to 3% from July 2000 until July 2001.
- **Flexible Survivor Benefits**  
DRS now has the authority to provide retirees with two options for changing their survivor benefit designation after retirement. The two options are: Post-Retirement Marriage or Non-Spouse Beneficiary.

The Web site has more detailed information about the bills that passed and did not pass. The Web site address is [www.wa.gov/DRS/leg/](http://www.wa.gov/DRS/leg/).

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

**PUBLIC EMPLOYEES' RETIRMENT SYSTEMS (PERS) 3**

There was a handout on PERS Plan 3 Project Milestones (draft), which showed some rough dates of what will be coming up. Some of the highlights are:

- April 2001, distribute procedures and requirement documents to employers
- December 2001, begin Phase 1 transfer education for State and higher education
- March 2002, Phase 1 implementation for State and higher education employers
- June 2002, begin Phase 2 transfer education for local government employers
- August 30, 2002 Phase 1 transfer window ends
- September 2002, Phase 2 implementation for local government
- June 2003, apply transfer payment and gain sharing and Phase 2 transfer window ends

DRS is in the process of hiring for the PERS 3 manager position and the person selected should be on board in July. DRS will be hiring more staff in April 2001. There will be on-site education seminars, information posted on the Web site and information packets mailed. Also there was a handout on PERS Plan 3 Frequently Asked Questions, which is on the Internet. This can be found at [www.wa.gov/DRS/member/pers/pers3faq.htm](http://www.wa.gov/DRS/member/pers/pers3faq.htm).

### **SCHOOL EMPLOYEES' RETIREMENT SYSTEM (SERS)/DEFERRED COMPENSATION PROGRAM (DCP) UPDATE - New Reporting Process and New Recordkeeper**

The SERS implementation date is September 1, 2000. SERS training is being conducted at this time. Investment education materials for SERS Plan 3, which is similar to TRS Plan 3, will be coming out at the end of August. The SERS investment information will go to new employees and a supply will be sent to the employers. In July, there will be a SERS 3 notice coming out and it will be on the Web site. The DRS Handbook is being updated with changes, which will be sent out at the end of the month.

Three weeks from Monday is the implementation date for the new services which will provide DCP participants direct access to their accounts and more flexibility to make changes either through the Web site or by touch-tone telephone. The education workshops started this week and run through July. In the next week and a half, kits will be mailed to the DCP participants. New investment options have been added, which will be effective September 1, 2000.

In July, there will be a new transmittal report format for DCP. Automated reporting is encouraged, but DCP will do both manual and electronic. DCP employers will be receiving information regarding the new reporting format.

### **AUDIT PROGRAM UPDATE**

There are currently three auditors on board and ESS is in the process of hiring another auditor. So far, 50 audits have been completed with 25 more under way or scheduled. There was a handout on Most Frequent Errors Found by Auditors and the following are some of the highlights:

- Required statements are not being obtained.
- Annual eligibility determinations are not being made.
- Retroactive pay amounts are not being reported in the month earned.
- Pay is being reported to DRS "as paid", not "as earned".
- Leave cash outs for PERS 2 employees are being reported incorrectly.
- Leave cash outs for LEOFF 2 employees are being reported incorrectly.
- Employees in eligible positions in PERS are not reported.

In the future, a "Self-Audit" program will be located on the Web site for an employer's internal auditor and financial staff to access.

### **AUTOMATED REPORTING**

DRS's goal is to find easy and efficient ways of processing transmittal information. DRS would like feedback on how we can make it easier for the employer. One suggestion was interactive voice response, which DRS is looking into for the smaller employers. If you have other suggestions, please email them to Dave Nelsen at [daven@drs.wa.gov](mailto:daven@drs.wa.gov).

**REVIEW NEXT SATISFACTION SURVEY**

DRS would like feedback on the satisfaction survey. Please email Dave Nelsen at [daven@drs.wa.gov](mailto:daven@drs.wa.gov) with your suggestions on the survey. The last satisfaction survey provided DRS with information to implement statewide training for employers and a new phone system.

**ISSUES OR CONCERNS**

The following were the issues or concerns that were raised at the meeting:

- Receiving many billing and credit statements due to recalculation of a retiree account.
- Invoices that have a Ø net balance, do not mail to the employer.
- The timeframe in receiving recalculations is too long.
- Part-time employees that do not become eligible, but return back to work later on, where do employers send the date change? Email the date changes, plus begin and end dates, directly to Dave Nelsen at [daven@drs.wa.gov](mailto:daven@drs.wa.gov).
- Privacy issues when it comes to annual statements. Employers would like to have them directly mailed to the employees, but DRS does not have all the member addresses and mailing the annual statements directly to the employee becomes a cost issue.
- The contribution rate changes caused a lot of problems for the employers, especially employers who report bi-weekly.
- There is extra work for the employers when issuing two checks at the end of the fiscal year when cashing out comp time because the AFC does not change.

**The Next Meeting**

The next EAC meeting is scheduled for September 28, 2000, from 9:30 a.m. to 3:30 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

**Proposed Agenda Items for September 28, 2000, Meeting**

A confirmed agenda will be available on the Employer Advisory Committee Web site in early September 2000.

There were no proposed agenda items for the next meeting.

**Parking for the meetings**

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

**Questions**

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at [daven@drs.wa.gov](mailto:daven@drs.wa.gov).